

Attorney Docket No.: 394423

REMARKS

STATEMENT OF THE SUBSTANCE OF INTERVIEW

Before proceeding with Remarks regarding the pending Office Action, Applicants request this "Statement of the Substance of Interview" be entered into the prosecution record of the above-referenced patent application, in accordance with 37 C.F.R. § 1.133 and MPEP Section 713.04.

On 13 February 2006, at 2 o'clock pm, Curtis Vock, John McNelis, Jens Horstmann, Bill Barber and Examiner Steven B. McAllister (hereinafter, "the Parties") commenced a telephone interview regarding the status of U.S. Patent Application Serial No. 09/903,444 (hereinafter, the "'444 Application").

Curtis Vock first summarized the status of the application, noting that Examiner McAllister had issued a non-final Office Action rejecting claims 1-41 and 63-71 based upon U.S. Patent No. 5,934,439 (hereinafter, "Kano"). The parties (in particular, Curtis Vock and Examiner McAllister) next discussed the proposed amendments to claim 1, as presented in a draft Response to Office Action that was faxed to Examiner McAllister on 08 February 2006. Mr. Vock argued that Kano did not teach claim 1, as presented prior to the proposed amendments; Mr. Vock then proposed amendments consistent with the draft Response in an effort to advance prosecution of the '444 Application, , including the following three features:

- (A) determining, at the server, inventory of the optical recording media of each of the kiosks;
- (B) routinely obtaining, at the server, operational status of each of the kiosks; and
- (C) automatically interfacing with a first user via a touch screen at a first kiosk in a first transaction for first local optical recorded media, the touch screen providing a touch-selectable listing of optical recorded media, including the first local optical recorded media, contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users.

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Mr. Vock argued that Kanoh does not anticipate claim 1, at least due to Kanoh's failure to teach or suggest the above elements (A) – (C). First, Kanoh does not recite or suggest determining inventory of each kiosk at a server, as in element (A), above. Kanoh is silent as to inventory, or how inventory might be determined.

Next, Mr. Vock stated that Kanoh fails to teach or suggest routinely obtaining operational status of kiosks at a server, as in element (B), above. Mr. Vock also noted Kanoh's failure to mention any means or method for determining operational status, e.g., "polling" a machine to determine whether "on" or "off", as taught in the '444 Application. Mr. Vock specifically said that Kanoh only teaches "trade status" which is not related to operation of the kiosk.

Finally, Mr. Vock stated that Kanoh discloses only a glass window, noting that this is different from a touch screen or a touch-selectable listing of optical recorded media, as in element (C). Neither a touch screen nor a touch-selectable listing of optical recorded media are taught or suggested in Kanoh.

Examiner McAllister appeared to appreciate - after reviewing Kanoh for a few moments - that Kanoh does not teach a touch screen. He said that the proposed amended claims could potentially be allowable over Kanoh, but stated that he would have to fully review and analyze Kanoh before confirming allowability.

To conclude the telephone interview, the Parties agreed that Examiner McAllister will call Mr. Vock if he has further concerns or proposals for the claims pending in the '444 Application.

REMARKS AND ARGUMENTS REGARDING THE OFFICE ACTION DATED
12/29/2005

Claim Status

Claims 1-41, 63-68, 70 and 71 remain pending in this U.S. Patent Application No. 09/903,444 (the "444 Application"). Claim 69 is cancelled herewith. Claims 63-68, 70 and 71 remain withdrawn. Claims 1, 12, 24, 25, 29, 31, 33, 36, 63 and 66 are amended

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without new matter pursuant support from the specification, for example at page 6, lines 17-21; page 9, lines 23-33; page 10, line 27-page 11, line 2; page 14, lines 7-22, and page 21, lines 22-31.

Claims 12 and 33 stand rejected under 35 U.S.C. § 112. Claims 1-3, 5, 7, 8, 18, 19, 23, 31 and 32 stand rejected under 35 U.S.C. § 102. Claims 4-7, 9-17, 20-22, 24-30, 33 and 38-41 stand rejected under 35 U.S.C. § 103(a). Applicants submit that the amendments and remarks herein below overcome all of the aforementioned rejections.

Election/Restrictions

Regarding Applicant's argument that Group I and Group III should be examined together, the Examiner states that "In the present case, the species claims do not require all the limitations of the generic claim. For instance, the proposed species claims recite a plurality of kiosks, while claim 1 recites "one or more" kiosks. *The proposed species do not require that the number of kiosks can be one.*" Office Action p. 2, third paragraph, emphasis added.

Respectfully, we disagree with the Examiner's reasoning. As the Examiner notes, per MPEP § 806.04(d), a generic claim "should require no material element additional to those required by the species claims, and each of the species claims must require all the limitations of the generic claim." The Examiner appears to be applying section 806.04(d) in reverse, requiring that the species claims have no element additional to the generic claim.

Applicant's claim 1 recites "one or more kiosks". The proposed species claims recite "a plurality of kiosks." Contrary to the Examiner's statement, the species claims do require the limitation of one kiosk because *there cannot be a plurality of kiosks without there being one kiosk*. The proposed species claims therefore do require all the limitations (one kiosk) of the generic claim. To further insure the correct correspondence between generic claim 1 and the aforementioned species claims, claim 63 is amended to mirror the amendments made to claim 1. We maintain that groups I and III should be examined together, thus, Applicant's traverse of the Restriction Requirement stands.

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Claim Rejections – 35 U.S.C. § 112

Claims 12 and 33 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. We submit that the following amendments overcome the § 112 rejection:

Claim 12 is amended (a) to replace "the one kiosk" with "the second kiosk", and (b) to depend from claim 2, which provides antecedent basis for the second kiosk.

Claim 33 is amended to re-order the claim elements so that the phrase "wireless device" is grouped with a mobile phone and a pager.

Claim Rejections – 35 U.S.C. § 102

Claims 1-3, 5, 7, 8, 18, 19, 23, 31 and 32 stand rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 5,934,439 (hereinafter, "Kano"). We respectfully disagree, for at least the following reasons:

Among other patentable features, amended claim 1 includes the limitations of

- (A) determining, at the server, inventory of the optical recording media of each of the kiosks;
- (B) routinely obtaining, at the server, operational status of each of the kiosks; and
- (C) automatically interfacing with a first user via a touch screen at a first kiosk in a first transaction for first local optical recorded media, the touch screen providing a touch-selectable listing of optical recorded media, including the first local optical recorded media, contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users.

The above amendments are fully supported by the specification. For example, regarding element (A), the '444 Application recites: "Each kiosk 200 preferably has a database stored in memory 203 of its kiosk inventory; and this inventory is preferably duplicated at the core server 103, FIG. 1." Specification, page 14, lines 7- 8. Furthermore, "In another

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aspect, a system of the invention provides real time inventory of connected kiosks. A user of the system can access the Internet and review the DVDs available at any of the connected kiosks." Specification, page 6, lines 17-21. Upon return of recorded optical media to a kiosk, "the kiosk reads a serialized code from bar code 701B to identify the individual disk 700 and to register it with the disk inventory database. The inventory database information is eventually relayed to core server 103, FIG. 1." Specification, page 21, lines 29-31.

Claim 1 element (B) is also supported by the specification. For example, in one embodiment, operational status (e.g., whether the kiosk is on or off) may be determined "every five or ten minutes". Specification, page 14, lines 13-15.

Claim 1 element (C) likewise finds support throughout the specification and drawings. Claim 8 for example shows a kiosk with a touch screen. "Once a touch screen is activated, a computer in the kiosk generates a touch-selectable list of available media: movie genres such as Action, Drama, Romance, and Comedy, for example. By touching on one of the genres, a selection of associated titles and/or a promotional picture may appear on the screen." Specification, page 10, lines 29-32.

Kanoh does not teach or suggest determining inventory of each kiosk at a server, as in element (A), above. Kanoh is silent as to inventory, or how inventory might be determined. The Examiner recognizes that Kanoh does not show this element of claim 1, on page 6, second paragraph of the pending Office Action.

Kanoh also fails to teach or suggest routinely obtaining operational status of kiosks at a server, as in element (B), above. Kanoh nowhere mentions any means or method for determining operational status of his rental apparatus (e.g., Kanoh does not teach anything similar to Applicant's "polling" to determine whether a machine is on or off.) Kanoh recites only "trade status," which is "stored video cassette information, renting video cassette information, rented date and time, return period, and information concerning members who have rented the video cassettes." Kanoh, col. 5, lines 50-55. Kanoh's trade status is not related to operation of his disclosed rental apparatus.

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Finally neither a touch screen nor a touch-selectable listing of optical recorded media, as recited in element (C), are taught or suggested in Kanoh. Rather, Kanoh describes prior art machines having glass window, which a person can look through to see available video cassettes stored therein:

"In operation, a user looks through the transparent glass window to identify a video cassette which he or she wishes to rent and then selects that cassette by operating buttons arranged on an operation plane." Kanoh col. 1, lines 27-29.

Kanoh's particular renting apparatus appears to be of similar construction. See, e.g., FIG. 2. Further, Kanoh specifies:

"The front face of the main body casing 31 is formed with a video cassette renting and returning opening 36. Adjacent the opening 36 is an operation plane 37 and a display portion 38. The operation plane 37 has a slot 37a for receiving a credit card and a set of keys, *including a renting key 37b for selecting the rental of a video cassette*, a returning key 37c for commanding the return of a video cassette, a canceling key 37d for canceling input, and a confirmation key 37e for entry of agreement to a member code for handling the automatic renting apparatus. *Ten additional (numeric) keys 37f are also provided on the operation plane 37 for entering the video cassette number.*" Kanoh col. 5, lines 21-31.

We note that Kanoh specifically recites entering a video cassette selection via keys. There is absolutely no other provision in Kanoh for selecting a video cassette. Furthermore, Kanoh describes his display 38 only as capable of displaying the following:

- a member agreement code. See Kanoh col. 6, lines 29-30 and 63-64;
- instructions for operating the rental apparatus. See Kanoh col. 6, line 67– col. 7, line 1;
- the fact that a requested video cassette cannot be rented. See Kanoh col. 7, lines 32-35;

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- a prompt "to enter the video cassette number to be rented *via the keys 37f*." Kanoh col. 7, lines 26-28; see also col. 7, lines 34-35; FIG. 6; and
- a condition where return of a cassette is not possible. See Kanoh col. 8, lines 33-40.

The recitations of Kanoh are clearly different from Applicant's touch screen with touch-selectable list of optical recorded media. Therefore, Kanoh cannot anticipate element (C) of amended claim 1

Kanoh clearly fails to anticipate amended claim 1, because Kanoh fails to teach or suggest at least three of Applicant's claim elements. Withdrawal of the Examiner's rejection, and allowance of claim 1 are respectfully requested.

Claims 2, 3, 5, 7, 8, 18, 19, 23, 31 and 32: These claims depend from amended claim 1, and are therefore considered allowable, at least because they depend from an allowable base claim. However, there are additional reasons for patentability of these claims, including the following:

Claims 3-5: Claim 3 is additionally patentable over Kanoh, for example because Kanoh does not teach or suggest the following elements:

- capturing a digital image of a first code on a first optical media, or
- scanning the image to determine a group identifier, the group identifier indicating which of the kiosks the first optical media may be returned to.

Kanoh makes no mention of digital technology. Further, Kanoh does not scan to determine a group identifier which indicates which kiosk a media (magnetic or optical) may be returned to. Kanoh only determines, "Based on the information from the reader 61...whether the returned video cassette can be returned to a designated storage shelf 33 in the storage portion 32." Kanoh col. 6, lines 1-4. Determining *whether* a media may be returned is different from determining *where* a media may be returned. Indeed, Kanoh teaches against such a group identifier, reciting "It is not unusual for a user to erroneously return the wrong video cassette." Kanoh col. 9, lines 54-55. "When the video cassette is erroneously returned, notice is provided to the user instructing them to remove the video cassette from the renting and returning opening 36." Kanoh col. 6, lines 13-16. Kanoh

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does not teach or suggest an identifier which indicates allowable return of an optical media to more than one kiosk. Absent such teaching, a "wrong" video cassette would logically include one not rented from the apparatus at which a user attempts a return.

Claims 4 and 5 depend from claim 3 and benefit from like argument. Further, Kanoh does not teach or suggest rotating an image, via internal software to a first kiosk, and rescanning a first code to determine a group identifier (claim 4). Kanoh also fails to teach or suggest capturing a second code on an optical media and scanning the image to determine a disk identifier (claim 5). The Examiner notes as much in the pending Office Action. See Office Action p. 5, third paragraph.

Claims 31 and 32: Claim 31 recites the limitation "the step of routinely obtaining comprising identifying one or more alarm states associated with the first kiosk." Claim 32 further requires automatically identifying the alarm states and automatically sending information about the alarm states to an administration associated with the central server.

As noted above with respect to claim 1, Kanoh does not routinely obtain operational status information. Kanoh therefore cannot identify an alarm state associated with operation of a kiosk, nor can Kanoh automatically inform an administration about such alarm state.

As described in the '444 Application, a central server 103 polls the kiosks and generates alarm states if information from the kiosks is not normal. "Alarm states may be generated for any of a variety of reasons, for example indicating: that kiosk 200 is not on; an incorrect inventory; security breaches; incorrect readings by any internal device or sensors; and combinations thereof." Specification, page 14, lines 16-19.

The only alarms in Kanoh are generated

"In the event that the identification information of the returned cassette as read by the reader 61 indicates that the cassette is not one under management of the automatic renting apparatus 3, or when the

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identification information of the video cassette cannot be read". Kanoh col. 8, lines 33-37.

Kanoh discloses that in such a case,

"After issuing an alarm, if the user does not remove the video cassette from the renting and returning opening 36 (step ST92), the video cassette is stored in a vacant storage shelf among the auxiliary storage shelves 30a of the auxiliary storage portion 30." Kanoh col. 8, lines 42-46.

Clearly, Kanoh's alarms are related to a video cassette, and not to operational status of a kiosk.

As shown, Kanoh does not teach or suggest all of the limitations of the above-argued dependent claims, thus these claims are not anticipated. We respectfully request both the withdrawal of the Examiner's rejection under 35 U.S.C. §102, and allowance of claims 2, 3, 5, 7, 8, 18, 19, 23, 31 and 32.

Claim Rejections – 35 U.S.C. § 103

Claims 4-7, 9-17, 20-22, 24-30, 33 and 38-41 stand rejected under 35 U.S.C. §103(a). Applicants again respectfully disagree and traverse the rejection.

The aforementioned claims all depend from claim 1, which is not anticipated by Kanoh. We further submit that claim 1 is nonobvious. The Examiner appears to agree, as claim 1 is not rejected under 35 U.S.C. § 103. Courts have ruled that if an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 15 USPQ2d 1596 (Fed. Cir. 1988). We therefore submit that claims 4-7, 9-17, 20-22, 24-30, 33 and 38-41 are allowable at least due to their dependence from claim 1.

Furthermore, we respectfully disagree with the Examiner's stance regarding these claims. The Examiner has either stated that limitations of these claims would have been an obvious matter of design choice (in the case of claims 5, 7 and 9-11), or the Examiner has taken official notice that limitations of these claims are "old and well known" (in the

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case of claims 4, 6, 12-17, 20-22, 24-30, 33 and 38-41).

Claims 5, 7 and 9-11: Regarding claims 5 and 7, the Examiner states that modifying Kanoh by scanning two bar codes instead of one would have been obvious, "since the application does not disclose that storing or scanning the information in two separate codes solves a particular problem or is for any particular purpose." We strongly disagree.

First, we note that claims 5 and 7 depend from claim 3, which is not deemed obvious, and which is also not anticipated by Kanoh. Second, we contend that the '444 Application does disclose that storing or scanning the information in two separate codes solves a particular problem or is for a particular purpose.

Applicant's specification clearly recites: "Preferably, two bar codes are read, specifying a "group" association and an individual media identification. *A "group" bar code specifies how one optical media may travel between kiosks* (for example, one distributor may control several kiosks and yet permit returns to any of the kiosks). *An "individual media identification" bar code may generally be a serialization of one DVD in an array of DVD disks.*" Specification, page 5, lines 8-13; See also page 21, lines 22-31 and claim 3 in combination with claim 5. The purpose of the two bar codes, as shown, is to allow optical media to travel between kiosks, e.g., to permit returns of the media to any of the kiosks.

Such a feature would not have been obvious; in fact, Kanoh teaches against a group bar code that specifies how one optical media may travel between kiosks. Kanoh specifically states that "It is not unusual for a user to erroneously return the wrong video cassette." Kanoh col. 9, lines 54-55. "When the video cassette is erroneously returned, notice is provided to the user instructing them to remove the video cassette from the renting and returning opening 36." Kanoh col. 6, lines 13-16. Kanoh provides auxiliary storage for a wrongly-returned media. See Kanoh col. 6, lines 4-16. However, there is absolutely no provision in Kanoh for identifying the returned media as one belonging to a group of kiosks. Thus, it follows that unless a renter retrieves the wrongly returned media and returns it to the apparatus from which the media was originally rented, the

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renter is charged for the full purchase price of the media. See, e.g., Kanoh col. 4, lines 53-61; col. 5, lines 48-60.

Regarding claims 9-11, we disagree that it would have been obvious to provide for sensing of characteristics of a case, such as holes or blocked regions, as disclosed in claims 9-11. For example, Kanoh teaches away from opening a door to an input/output slot of a kiosk to accept the case and optical media when the characteristics match the predetermined characteristic, as in claim 9. Instead, Kanoh specifies an opposite order of operations: "During a returning control operation, when the return key 37c is pressed, the renting and returning opening 36 is opened to receive the video cassette (step ST71). The identification information, such as bar code adhered on the video cassette is read by the reader 61 (step ST72)." Kanoh col. 7, lines 47-49; FIG. 7. Claims 10, 11 depend from claim 9 and benefit from like argument. Furthermore, Kanoh makes no provision for reading physical characteristics of a case, such as holes or blocked regions.

As shown, Kanoh teaches away from claims 5, 7 and 9-11. We therefore submit that *prima facie* obviousness is not established.

Claims 4, 6, 12-17, 20-22, 24-30, 33 and 38-41: Before addressing the Examiner's official notice regarding elements of these claims, we note that claim 6 depends from claim 5, argued above, and thus benefits from like argument. Claim 12 recites the unique limitation of tracking inventory movement between first and second kiosks, which has not been addressed by the Examiner (the Examiner only discusses tracking inventory movement at a central server and is silent as to tracking movement of inventory between kiosks). We contend that claim 12 is nonobvious, at least due to this unique feature. Claims 4 and 12 are thus believed nonobvious, and reconsideration of both claims 4 and 12 is respectfully requested.

Returning to the issue of official notice, we respectfully remind the Examiner that:

"To reach a proper determination under 35 U.S.C. 103, the examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" *when the invention was unknown and just*

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before it was made. In view of all factual information, the examiner must then make a determination whether the claimed invention "as a whole" would have been obvious at that time to that person. Knowledge of applicant's disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the "differences," conduct the search and evaluate the "subject matter as a whole" of the invention. The tendency to resort to "hindsight" based upon applicant's disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art." MPEP 2142, emphasis added.

We contend that regardless of the Examiner's official notice, it would not have been obvious to combine the "official notice" features with Kanoh. In other words, the combined features of these claims is not known. Furthermore, there is no suggestion or motivation within Kanoh to make such combinations. We therefore request evidence (MPEP §2144) that such combinations would have been obvious at the time the invention was made.

We further contend that the Examiner's finding of official notice is a moot point, because claims 4, 6, 12-17, 20-22, 24-30, 33 and 38-41 all depend from claim 1, which is not obvious. Again, if an independent claim is nonobvious, so are its dependent claims.

CONCLUSION

In summary, Applicants have shown why claims 1-41 are patentable over Kanoh. The arguments presented herein above apply equally to claims 63-68, 70 and 71. We hold that claim 1 is generic to claims 63-68, 70 and 71; therefore, upon allowance of claim 1, we respectfully request consideration of claims 63-68, 70 and 71.

In accordance with 37 C.F.R. § 1.133 and MPEP Section 713.04, Applicants further provided a "Statement of the Substance of Interview." We respectfully request entry of Applicant's Statement into the prosecution record of the '444 Application,

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No fees are believed due; however, if any fee is deemed necessary in connection with this Amendment and Response, the Commissioner is hereby authorized to charge Deposit Account No. 12-0600. Should any issues remain, the Examiner is encouraged to telephone the undersigned attorney, as agreed in the telephone interview of 13 February 2006.

Respectfully submitted,

LATHROP & GAGE LC

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